

SUBMISSION

Land Transport (Revenue) Amendment Bill

**National Road Freight Association
Transporting New Zealand**





SUBMISSION

Submission: Land Transport (Revenue) Amendment Bill

To: Transport and Infrastructure Committee

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About Transporting New Zealand

Ia Ara Aotearoa Transporting New Zealand (Transporting New Zealand) is a national membership association representing the road freight transport industry. Our 1,100 members (with a combined fleet of 14,000 heavy vehicles) operate urban, rural and inter-regional commercial freight transport services throughout the country.

As the peak body and authoritative voice of the road freight sector, Transporting New Zealand helps trucking operators drive successful, safe, sustainable businesses. Our strategic priorities are:

- Providing one industry voice for advocacy
- Promoting the road freight transport industry
- Attracting talent and promoting workforce development
- Supporting our members and customers
- Sustainability, safety and responsible emissions reduction

New Zealand's road freight transport industry employs 33,000 people (1.2% of the total workforce), and has a gross annual turnover in the order of \$6 billion. This is part of a wider transport sector that employs 108,000 people and contributes 4.8 percent of New Zealand's GDP. Road freight transport accounts for 93% of the total tonnage of freight moved in New Zealand (MoT National Freight Demands Study 2018).

Transporting New Zealand submission on the Land Transport (Revenue) Amendment Bill

Introduction

- 1 Transporting New Zealand appreciates the opportunity to make a submission to the Transport and Infrastructure Committee on the Land Transport (Revenue) Amendment Bill.
- 2 Transporting New Zealand's submission deals with the two stated objectives of the Bill:
 - a. Creating a more flexible and responsive tolling framework to support investment in roading infrastructure.
 - b. Modernising the road user charges (RUC) system and remove barriers to the future transition of all light vehicles from fuel excise duty to RUC.
- 3 Transporting New Zealand does not support the proposals in the Bill that would enable existing roads to be tolled, and allow heavy vehicles to be prohibited from using certain routes in favour of tolled roads. We recommend that these clauses be removed from the Bill.
- 4 Transporting New Zealand does support the proposals in the Bill to amend RUC legislation, however we recommend that officials clarify some clauses around whether in-vehicle telematics should also come under the definition of electronic distance recorders.
- 5 There is nothing confidential in our submission and we permit it to be published in full.
- 6 We would like to speak to this submission in hearings conducted by the Transport and Infrastructure Committee on this Bill.

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Amendments to the tolling framework

- 7 Transporting New Zealand is generally supportive of increased use of tolling within the existing legislative framework. We have supported NZTA tolling new roads where tolling would enable speedier delivery of roading improvements and improvements.
- 8 In the past 18 months we have submitted in support of tolling new routes: Belfast to Pegasus Motorway and Woodend Bypass; Ōtaki to North of Levin State Highway Project; Tauranga Eastern Link Toll Road; and Takitimu North Link.
- 9 Transporting New Zealand has a mandate from our members and wider industry to base this support on, with 63% of industry respondents agreeing with increased use of tolling to fund the Roads of National Significance in our [2025 Road Freight Industry Survey](#). Twelve percent of respondents disagreed and 23% were neutral.
- 10 Transporting New Zealand has serious concerns about the proposed changes to the tolling framework. They are unworkable and will undermine industry and public support for tolling.

Expanding circumstances under which existing roads may be tolled (corridor tolling)

- 11 Transporting New Zealand does not support the proposed expansion of circumstances under which existing roads may be tolled through “corridor tolling”. Tolling should be reserved for new roads.
- 12 Transporting New Zealand is concerned that the proposed criteria at clause 48(2)(b) of the Bill provides too much discretion for the Minister to recommend tolling an existing road.

48 Procedure for recommending making of order under section 46

...

(2) The Minister must not recommend that an existing road or part of a road be tolled unless the Minister is satisfied that—

(a) the road or part of a road is located near, and is physically or operationally integral to, a new road that will also be part of the road tolling scheme; or

(b) the efficiency of the road or part of the road has been, or will be, enhanced by, or users of the road or part of the road accrue benefits from, the construction of a new road that will also be part of the road tolling scheme where the existing road or part of a road and the new road are both in a corridor between parts of a region or between one region and another.

- 13 We are concerned at the broad drafting used in this clause. Allowing tolling of existing roads where “the efficiency of the road... will be, enhanced by, or users of the road... accrue benefits from” occurring in “a corridor between parts of a region or between one region and another” does not provide any reassurance to our road freight membership about the scope of the new powers, and what existing roads they could see tolled.

- 14 In the event that the Committee proceeds with allowing tolling of existing roads, Transporting New Zealand would prefer that it only be allowed in specific scenarios where lanes are added to an existing road or an extension is made to an expressway, as contemplated in the Regulatory Impact Statement.¹
- 15 Existing roads have already been paid for by road users through petrol tax, road user charges, vehicle registration fees, and general taxation. They should not have to pay again. Tolling existing roads will be seen by our membership and the wider public as double-dipping. Public support for tolling is more likely where users can see a clear benefit in paying a toll, which is unlikely to apply to existing (old) roads which have not been upgraded.
- 16 One of the arguments put forward in support of tolling existing roads is that the users of that road benefit from travel time savings from traffic diverted onto the new (tolled) road, and thus should contribute to the cost. Whilst true, it ignores the fact that some of those users may have business along that road, or live along that road, and so have no other choice but to use it (this argument is less likely to apply to new tolled roads, which tend to be arterial roads separated from built-up areas). As regular users, tolling costs would be considerable, and unavoidable.
- 17 Transporting New Zealand would prefer other revenue options be utilised rather than using tolling to undermine the public roading network. This includes utilising private funding through public private partnerships, transitioning to a more sustainable universal road user charges system, and use of general taxation.
 - i. **Recommendation 1:** That the proposed expansion of circumstances under which existing roads may be tolled, through “corridor tolling”, not proceed.
 - ii. **Recommendation 2:** That, should the Bill proceed with allowing tolling of existing roads, this only be allowed in specific scenarios where lanes are added to an existing road or an extension is made to an expressway.

Prohibiting heavy vehicles from using alternative routes

- 18 Transporting New Zealand opposes the proposal to prohibit heavy vehicles from using certain alternative (untolled) routes.
- 19 This denies transport operators and drivers freedom of choice. As acknowledged in the Regulatory Impact Statement, forcing certain classes of vehicles to use toll roads stifles user choice and is inconsistent with allowing users to pay for a higher level of service. It may also raise considerations under the Bill of Rights Act 1990 which affirms the right to freedom of movement.
- 20 Road controlling authorities already have the power to make bylaws ensuring heavy vehicles are not operating on unsuitable roads and prohibiting specified classes of heavy traffic (Land Transport Act 1998, s 22AB).

¹ Regulatory Impact Statement: Tolling legislative reform, Ministry of Transport, 28 November 2024, <https://www.regulation.govt.nz/assets/RIS-Documents/Regulatory-Impact-Statement-Tolling-Legislative-Reform.pdf>, at page 28.

21 The majority of heavy freight traffic moves to toll roads without any need for a mandate. That's the experience of New Zealand's existing three toll roads in Auckland and Tauranga. Time is money for freight companies, making the use-case highly compelling, except in particular cases.

22 Road freight companies are the best judge of what route is best for a particular job. They will take into consideration a number of factors. Transmission Gully is a good example, the steep climbs mean there is greater fuel burn than the old Coast road and there are times when the travel time benefit is small however, operators use the new route because it safer and less stress. But on occasions there may be valid reasons why the alternative route may be a better fit. The toll road might not offer sufficient benefit to justify the time savings, or have the right rest or refreshment facilities that a driver needs. Transport operators are in the best position to make this assessment.

23 These changes will also be a nightmare for regulators to enforce, and operators to comply with. There is a proposed exemption for where an alternative route is being used for the delivery of goods or passengers, or where if the operator's place of business is on that particular route. However, this still creates a compliance burden for our industry to deal with.

24 Tauranga Eastern Link Toll Road provides a helpful hypothetical example. The proposed legislation would allow any heavy vehicle with a delivery stop or place of business in Te Puke to access the free alternative route, whereas other heavy vehicles would have to use the toll road. In this situation, it will be difficult for Police and NZTA to determine who has a valid exemption or who doesn't.



Tauranga Eastern Link, NZTA

25 The Bill's proposed changes will either see the onus placed on truck drivers and companies to prove compliance, or have Police and NZTA spending valuable time and resources

infringing people who are operating safe, productive vehicles. These changes will be administrative burdensome for businesses and regulators and should not proceed.

- 26 In the event that the change went ahead, there would also need to be signage installed ahead of the alternative route (from multiple access points) notifying the prohibition, which will also need to be well advertised to transport operators and freight customers nationwide.
- 27 If the purpose of this amendment is to maximise patronage on the new tolled road (and revenue), then it brings into question the business case for the new road in the first place. We consider the benefits of a new tolled road should sell itself to road users including heavy vehicle operators. Namely, a faster, more resilient and safer route with reduced travel times whose productivity benefits would offset the cost of a toll. Heavy vehicles operators should not be compelled to use a tolled road.
- 28 Forcing heavy vehicles to use toll roads would also grant NZTA and the Minister considerable latitude in setting heavy vehicle toll rates, as freight operators are compelled to pay any fee decided.
- 29 Should the changes proceed, Transporting New Zealand recommends that section 48(4) of the Bill be amended to limit the maximum toll rate for heavy vehicles to a ceiling of 3 times the light vehicle rate (current toll road ratios sit between 2:1 and 2.57:1).
- 30 Transporting New Zealand's recommendations:
 - iii. **Recommendation 3:** That clause 46D *Road tolling order may authorise Minister to restrict use of alternative route* be removed.
 - iv. **Recommendation 4:** That, should 46D be maintained, the Land Transport Management Act 2003 be amended to limit the maximum toll rate for heavy vehicles to a ceiling of 3 times the light vehicle rate (current ratios sit between 2:1 and 2.57:1).
- 31 Finally, Transporting New Zealand supports shifting the liability to pay a toll from a vehicle's driver to its registered person (Clause 10).

Modernising the RUC system

- 32 Transporting New Zealand supports moves to modernise RUC regulations to facilitate the introduction of universal RUC. The proposed amendments will enable greater use of technology and more flexible payment options, and also do away with the requirement to display a RUC label, all of which will help increase choice while reducing administration costs for customers.
- 33 Transporting New Zealand supports clause 24 and associated clause 37 which provides new definitions of approved electronic distance recorder, which will permit a wider range of devices including inbuilt vehicle telematics, which should foster competition in the provision of RUC services, increasing choice for vehicle owners and helping reduce costs.

34 Transporting New Zealand supports clauses 26, 27, 28 and 30 which, amongst other things, remove the requirement to display RUC distance licences, and the associated penalties for not displaying or producing a RUC licence. Similarly, we support clauses 35 and 36 which remove references to licences. This change will reduce administration costs for transport operators (and motorists) by eliminating the printing and (optionally) postage costs for labels as well as compliance/enforcement costs when new labels are not delivered in time (even though RUC has been paid), or mistakenly placed behind the old label. These changes will help make it easier for vehicle owners to engage with the RUC system.

35 Coupled with proposed changes to the Land Transport Act under the *Regulatory Systems (Transport) Amendment Bill* to enable registration labels, inspection certificates, and Certificates of Loading to be displayed electronically, this amendment will reduce the preponderance of labels displayed on commercial vehicles. While placed on the left-hand side of the windscreen so they are not directly in the drivers' vision, they can partially obscure some vision for left-turning manoeuvres.

36 Transporting New Zealand supports clause 42 which decouples the ability to offer alternative payment schemes from vehicles with electronic distance recorders only, meaning that RUC providers will be able to offer alternative payment schemes to all vehicle owners, which will increase competition and choice of payment schemes and should thus make it easier for all vehicle owners to engage with the RUC system. This should enable users to buy RUC in increments smaller than the current 1,000km minimum purchase provided by NZTA, while also enabling people to buy on credit, in arrears or bundled with other charges like registration, or even other purchases like fuel. This will help accommodate low- or fixed-income New Zealanders, those without credit, or those without internet access.

37 We query whether clause 34: *Section 43 RUC collector may approve RUC provider* is intended or not to also include intermediary services between vehicle owners and actual RUC providers, that is online services which provide a range of vehicle licensing services (including RUC) which they in turn source from approved providers e.g. [Bonnet](#).

38 We query whether clause 37: *Section 52A RUC collector may approve electronic distance recorders* also applies to in-vehicle telematics, which will be used to record RUC information, but for which the vehicle manufacturers (or the local distributors) may not act as RUC providers (although some may choose to offer this service, at least while the vehicle is still under warranty).

39 Similarly, we query whether clause 50(4) (replacing regulation 16(2) and (3)) also covers in-car telematic devices, which are fitted by the manufacturer and may be repaired by the manufacturers local agent (distributor).

40 Transporting New Zealand's recommendations:

- i. **Recommendation 5:** Officials to clarify under clause 34, section 43 whether a RUC provider also includes intermediary service providers.
- ii. **Recommendation 6:** Officials to clarify under clause 37, section 52A whether in-vehicle telematics come under the definition of electronic distance recorder.

iii. **Recommendation 7:** If in-vehicle telematics do come under the definition of electronic distance recorder, then under clause 50(4), the new regulations 16(2) and (3) should be amended to include suggested wording like “original equipment manufacturer or the local distributor”, e.g. (16(2)):

“An approved electronic distance recorder fitted to a RUC vehicle must be fitted by a representative of the electronic system provider, or original equipment manufacturer or the local distributor, that provides the electronic distance recorder for the vehicle or other person approved for the purpose by the RUC collector.”

Summary of recommendations

Recommendation 1: That the proposed expansion of circumstances under which existing roads may be tolled, through “corridor tolling”, not proceed.

Recommendation 2: That, should the Bill proceed with allowing tolling of existing roads, this only be allowed in specific scenarios where lanes are added to an existing road or an extension is made to an expressway.

Recommendation 3: That clause 46D *Road tolling order may authorise Minister to restrict use of alternative route* be removed.

Recommendation 4: That, should 46D be maintained, the Land Transport Management Act 2003 be amended to limit the maximum toll rate for heavy vehicles to a ceiling of 3 times the light vehicle rate (current ratios sit between 2:1 and 2.57:1).

Recommendation 5: Officials to clarify under clause 34, section 43 whether a RUC provider also includes intermediary service providers.

Recommendation 6: Officials to clarify under clause 37, section 52A whether in-vehicle telematics come under the definition of electronic distance recorder.

Recommendation 7: If in-vehicle telematics do come under the definition of electronic distance recorder, then under clause 50(4), the new regulations 16(2) and (3) should be amended to include suggested wording like “original equipment manufacturer or the local distributor”, e.g. (16(2)):

“An approved electronic distance recorder fitted to a RUC vehicle must be fitted by a representative of the electronic system provider, or original equipment manufacturer or the local distributor, that provides the electronic distance recorder for the vehicle or other person approved for the purpose by the RUC collector.”

ENDS